

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4802-01  
Bill No.: HB 1533  
Subject: Health Care; Medicaid; Chiropractors  
Type: Original  
Date: February 17, 2012

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Bill Summary: Requires licensed chiropractors to be reimbursed under the MO HealthNet Program for providing services currently covered and within the scope of chiropractic practice.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Revenue	(Unknown, greater than \$32,167)	(Unknown, greater than \$38,600)	(Unknown, greater than \$38,600)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown, greater than \$32,167)</b>	<b>(Unknown, greater than \$38,600)</b>	<b>(Unknown, greater than \$38,600)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Federal*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Revenues and expenditures net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Health and Senior Services** assume the proposal will have no fiscal impact on their organization.

Officials from the **Department of Mental Health (DMH)** state this legislation places no obligations or requirements on the DMH. Therefore, there is no fiscal impact to the DMH.

### **Section 208.960**

Officials from the **Department of Social Services-MO HealthNet Division (MHD)** assume the legislation requires chiropractors to be reimbursed under MO HealthNet for providing services currently covered by MO HealthNet and within the scope of chiropractic practice. This legislation will increase utilization of currently paid procedure codes.

Studies that determined the utilization of chiropractic care in the general population were reviewed to determine the potential number of MO HealthNet participants who might receive chiropractic care if this legislation passed. It is assumed that utilization in the MO HealthNet population will be similar to the general population. The National Institutes of Health (May, 2004) found that 7.5% of adults used chiropractic care within the previous 12 months. The Southern Medical Journal (April, 2000) reported that 8.7% of adults used chiropractic care within the previous 12 months. The National Institutes of Health (2007) found that 3% of children had used chiropractic services in the previous 12 months. MHD chose to use 8% for adults and 3% for children as the estimate of the percentage of the MO HealthNet population that will use chiropractic services.

The number of MHD participants age 19 and above in FY11 was 382,349. It is estimated that 30,588 ( $382,349 \times 8\%$ ) participants will utilize chiropractic care. There were 511,186 children less than 19 years of age. It is estimated that 15,336 ( $511,186 \times 3\%$ ) will utilize chiropractic care. Therefore, a total of 45,924 participants are estimated to use chiropractic care.

It is assumed under this legislation chiropractors would, at a minimum, bill for manipulative treatment and certain physical therapies. The cost developed below is for manipulative treatment only and it is assumed additional unknown cost would be incurred for physical therapies. Procedure codes 98925, 98926, 98927, 98928, and 98929 are codes which are currently utilized for osteopathic manipulative treatment. An average rate for these procedure codes is \$28.93.

ASSUMPTION (continued)

The number of medically necessary chiropractic visits that will be prior authorized for each participant is not known. For the purpose of the fiscal note it is assumed that a series of 8 visits per year will be authorized. It is possible that some participants will receive more visits and some less. The annual cost for one person will be \$231 (8 visits x \$28.93=\$231).

It is assumed there will be only a 10 month cost in FY13. Medical inflation of 3.5% was applied to FY14 and FY15.

FY13 (10 months): Unknown > \$8,857,974 Total (Unknown > \$3,065,382 GR);

FY14: Unknown > \$11,001,604 Total (Unknown > \$4,249,920 GR);

FY15: Unknown > \$11,386,660 Total (Unknown > \$4,398,667 GR).

**Oversight** notes that states can earn the federal medical assistance percentage (FMAP) on Medicaid program expenditures. The current FMAP percentage is estimated to be 61.4%, leaving 38.6% of expenditures to be funded by General Revenue.

**Oversight** notes the MHD estimates as many as 45,924 participants may choose to receive chiropractic services. **Oversight** assumes, because the potential for an increase in utilization is speculative, that the MHD may or may not incur the significant costs estimated in this response. However, because it would only take 433 Medicaid recipients (less than 1% of the estimated 45,924 recipients) receiving 8 chiropractic visits per year for costs to exceed \$100,000 annually (\$100,000 / \$231 = 432.9 participants), **Oversight** assumes, for fiscal note purposes only, costs to be unknown, but greater than \$100,000 annually.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>GENERAL REVENUE FUND</b>			
<u>Costs - Department of Social Services</u> <u>(\$208,960)</u>			
Chiropractic expenditures	<u>(Unknown,</u> <u>greater than</u> <u>\$32,167)</u>	<u>(Unknown,</u> <u>greater than</u> <u>\$38,600)</u>	<u>(Unknown,</u> <u>greater than</u> <u>\$38,600)</u>
<b>ESTIMATED NET EFFECT ON</b> <b>GENERAL REVENUE FUND</b>	<u><u>(Unknown,</u></u> <u><u>greater than</u></u> <u><u>\$32,167)</u></u>	<u><u>(Unknown,</u></u> <u><u>greater than</u></u> <u><u>\$38,600)</u></u>	<u><u>(Unknown,</u></u> <u><u>greater than</u></u> <u><u>\$38,600)</u></u>

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>FEDERAL FUNDS</b>			
<u>Income -Department of Social Services</u> <u>(\$208.960)</u>			
Program reimbursement	Unknown, greater than \$51,167	Unknown, greater than \$61,400	Unknown, greater than \$61,400
<u>Costs - Department of Social Services</u> <u>(\$208.960)</u>			
Program expenditures	<u>(Unknown, greater than \$51,167)</u>	<u>(Unknown, greater than \$61,400)</u>	<u>(Unknown, greater than \$61,400)</u>
<b>ESTIMATED NET EXPENSE ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

#### FISCAL IMPACT - Small Business

This proposal could directly have a positive fiscal impact on small business chiropractic providers that choose to enroll in the Medicaid Program and provide services to Medicaid recipients.

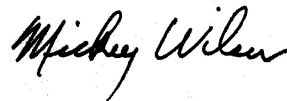
#### FISCAL DESCRIPTION

This proposal requires licensed chiropractors to be reimbursed under the MO HealthNet Program for providing services currently covered and within the scope of chiropractic practice.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Mental Health  
Department of Health and Senior Services  
Department of Social Services -  
MO HealthNet Division

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
February 17, 2012